



CITY OF LODI

PUBLIC WORKS DEPARTMENT

COUNCIL COMMUNICATION

TO: City Council
FROM: City Manager
MEETING DATE: January 6, 1988
AGENDA TITLE: Review Proposals for Developing a Public Facilities Financing Plan and a General Plan Fiscal Impact Analysis and Recommended Funding (Discussion and Appropriate Action)

RECOMMENDED ACTION: That the City Council retain Nolte and Associates to prepare a public facilities financing plan and a fiscal impact analysis for the General Plan revision and allocate \$78,000 to cover related costs.

BACKGROUND INFORMATION: It was pointed out in the Century Meadows, Batch, and Bridgetown Estates Final Environmental Impact Reports that the accumulated impacts would require the City to make ~~major~~ expenditures in the area of traffic mitigation, water system improvements, sewage treatment plant expansion, police and fire protection, and park improvements. The method in which the City obtained the required funds for these improvements was not covered. It is recommended that a consulting firm be retained to evaluate various types of fee structures that would allow new developments to pay their own way. The cost of preparing the financing plan can be recovered under the fee structure that is developed.

The City Manager and I have interviewed the consulting firms of Nolte and Associates and BSI Consultants Inc. and are recommending that the Council approve the hiring of Nolte and Associates to perform the public facilities financing plan for the City of Lodi. Their scope of work is included in the attached proposal. We were both impressed with their scope of services which included providing different types of funding alternatives and having three workshops and/or public hearings with the development community during the process. Nolte and Associates will be using Angus McDonald and Associates as financial consultants. Angus McDonald was one of the participants at the League of California Cities Conference in San Francisco on a panel entitled, "The Future of Infrastructure Financing". The City Manager's office has the tape of this session and I would encourage the City Council to review it.

Mr. McDonald made it very clear in his presentation that a new fee structure could be implemented at any time, however, the best timing would be in conjunction with the development or updating of an agency's General Plan. Since Lodi is updating its General Plan, the City Manager and I then met with Mr. McDonald and representatives from Nolte and Associates and Jones and Stokes. From this meeting, we received the attached proposal for developing a fiscal impact analysis for each General Plan alternative being developed by

APPROVED:


THOMAS A. PETERSON, City Manager

FILE NO.

CDEVFEE/TXTW.02M

December 30, 1987

Jones and Stokes, and for the actual General Plan finally adopted by the City Council. This fiscal analysis ~~wit?~~ ensure that as the General Plan area is developed, the City will be **able** to provide **the** required services and remain in fiscal balance. It is recommended that Nolte and Associates, using Angus McDonald and Associates, be retained to provide **this** fiscal impact analysis.

The estimated cost and proposed funding for this **work** is shown below.

Cost Breakdown

Public Facilities Financing Plan

Consultant Fee 50,230 to 58,230 (max)
City Staff 4,770

TOTAL \$63,000 (max)

Funding Breakdown

32 Fund - Gas Tax (40%) \$2,000
18.0 Water Utility (30%) 19,000
121 COR Fund (30%) 19,000

TOTAL \$63,030

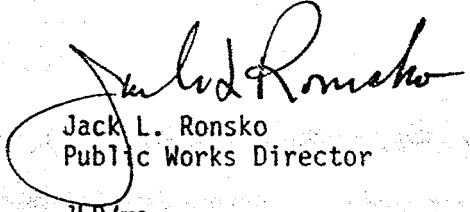
Fiscal Impact Analysis
of General Plan

\$15,000

General Fund (100%)

\$15,000

All billing would be on a time and material basis up to the amounts shown above.


Jack L. Ronsko
Public Works Director

JLR/ma

Attachments

cc: Finance Director
Nolte and Associates
Angus McDonald and Associates
Jones and Stokes Associates

**FISCAL IMPACT ANALYSIS
OF GENERAL PLAN ALTERNATIVES**

**A PROPOSAL
TO
CITY OF LODI
AS AN OPTIONAL ELEMENT
OF THE SUBMITTAL BY
NOLTE AND ASSOCIATES**

BERKELEY, CALIFORNIA

OCTOBER, 1987

87-1478

FISCAL ANALYSIS CITY OF LODI

I. TECHNICAL APPROACH

Task Purpose

Particularly since the passage of Proposition 13, cities in California must pay careful attention to whether their tax base will support the ongoing cost of public services. *The ideal time to consider such factors is when a city prepares or updates its General Plan.*

There are two primary reasons to include a careful and thorough fiscal analysis in a General Plan program.

First, knowledge about fiscal balance can affect the choice of a General Plan. In the present fiscal environment, some General Plan land use alternatives simply cannot be made to balance, fiscally. If this situation is identified when alternatives are being compared, then the alternative can be modified {or it can be rejected in favor of another alternative that meets other city objectives) while providing a fiscal balance.

Second, a fiscal analysis, done as part of a General Plan program, provides for efficiencies later in the development process. For example, a fiscal analysis of an individual project - particularly a residential project - can be extremely misleading. If a residential development project is viewed in isolation, the cost of providing services to residents will often appear to exceed the revenues produced by residents.

This "isolated project" analysis fails to recognize that the resident, as employee or as employer elsewhere in the City of Lodi, may be contributing to a positive fiscal balance. Similarly, the in-commuter employee may be producing a very positive fiscal balance, at virtually no incremental cost for public services.

The alternative to "isolated project" analysis is to evaluate the fiscal balance for the General Plan itself. If the General Plan is in balance then every project that is consistent with the General Plan, has perforce, been a part of the original General Plan fiscal analysis and needs not be analyzed again. If a proposed project is not consistent with the General Plan, a General Plan amendment is required. The fiscal balance of the amended General Plan would then be tested as part of the amendment process. Once again, if the amended General Plan was in fiscal balance (whether or not *this balance was more or less positive, compared to the General Plan before the amendment*) then the individual project itself would have been considered a part of the amended General Plan.

II. TASK DESCRIPTIONS

Task Products

The proposed fiscal analysis will produce:

- o a fiscal analysis for each General Plan alternative;
- o a fiscal analysis for the recommended General Plan;
- 3 a fiscal analysis for the General Plan, as adopted by the City Council

Task Execution

The fiscal analysis will be carried out in a total of four tasks.

Task 1 - Prepare Public Services plans

McDonald & Associates asserts that, while computer models can be used very practically to forecast municipal revenues, this is not the case with the cost of municipal services. The costs of municipal services are the result of decisions that are originally proposed by department heads, that are validated by the City Manager and that are ultimately adopted by the City Council. They are not the result of some formula or "law of nature". Accordingly, McDonald & Associates proposes to simulate this decision process by conducting a workshop with affected department heads. The process is very comparable to that of preparing the annual budget, but the "city" for which services are being budgeted is the City of Lodi that would exist after General Plan implementation.

There is no question that this process requires an effort on the part of the City's department heads. Pre-tested data gathering forms and the use of computer models to limit the clerical effort required (e.g., by converting a department head's estimate of staffing requirements into an estimate of total municipal cost) makes the effort manageable. Experience in other jurisdictions has demonstrated that the process has the additional benefit of involving all departments in the General Plan program, assuring that all requirements are considered, and, in general, developing a team spirit about decisions that will affect the City for years to come.

Task 2 - Prepare forecast of revenues and fund balances

Estimating relationships will be prepared for each of the revenues in Lodi's annual budget. The estimated relationship will depend on the nature of the revenue but will, in every case, be responsive to the underlying land use assumptions.

The revenue estimates as part of the present project will be used for the horizon year of the General Plan recommendation. The estimating relationship itself will be useful for year-by-year estimates that may be appropriate, in the future, when Specific Plans or development agreements are being negotiated.

The expenditure estimates (from Task 1) and the revenue estimates will be compared, for Lodi's General Fund and Road Fund to determine whether the General Plan recommendation is in fiscal balance. As appropriate, changes in land uses will be suggested to mitigate a fiscal imbalance.

Task 3 - Integrate Conclusions into General Plan Documents

Task 3 provides for the effort necessary to ensure that a summary of the fiscal analysis is presented in the Alternatives Report and in the recommended and adopted General Plan documents.

Task 4 - public Hearings

The budget provides for participation by the economic consultants in one public hearing on the General Plan Alternatives and two public hearings on the recommended General Plan.

II. PROJECT BUDGET

The cost of the fiscal analysis would not exceed \$15,000 as shown in Table 1 (attached).

TABLE 1
COST OF FISCAL ANALYSIS

Develop Basic Fiscal Analysis Model For Lodi	\$ 6,500
Additional Documentation and Staff Training (1)	\$ 1,000
Cost of Analysis For Each General Plan Alternative Multiplied by Eive alternatives	\$ 1,500
Sub-total :	\$ 7,500
Total:	\$15,000

Notes :

- 1) This additional documentation and training would produce a model that could be used independently, by City of Lodi staff, without further consultant involvement.



Sacramento

December 21, 1987
4020-87-90

Mr. **Jack** Ronsko
Public Works Director
City of Lodi
221 West Pine Street
Lodi, CA 95241

SUBJECT: PUBLIC FACILITIES AND FINANCING PLAN - CITY OF LODI

Dear Mr. Ronsko:

Nolte and Associates is pleased to submit this revision to our proposal to you to prepare a Public Facilities and Financing Plan for the City of Lodi. We appreciate being invited to submit to the City as part of a select group of consultants who have experience in this particular type of study. As we mentioned to you on the occasion of our site visit, we have done and are doing a number of these studies. In each case, we perform the study in conjunction with a finance/economic consultant.

In our most successful studies -- the Laguna Public Facilities Plan and the Antelope/North Highlands Public Facilities Plan -- we have performed **the** work with Angus McDonald and Associates and we propose to **use** Mr. McDonald's firm on this study as well. In the two instances in which we have worked with Angus McDonald and Associates, the plans have resulted in full adoption by the Board of Supervisors and, with the concurrence of the affected developers, in implementation of a financing mechanism appropriate to the circumstances. In one case, **the** plan resulted in primarily Mello-Roos district financing in combination with conventional development fees and, in the second case, in the use of conventional **fees** exclusively.

In the attached proposal we have outlined the **tasks** which we believe **to be necessary to** complete the study based upon our current understanding **of** the needs of the City. The proposed scope of services will result in a financing plan which reflects and **is** part of the current General Plan update.

NQLTE and ASSOCIATES
Engineers / Planners / Surveyors

1730 I Street, Sacramento, CA 95814 Tel: (916) 446-5020 FAX No. (916) 446-0118

To: Mr. Jack Ronsko
December 21, 1987

Page 2

Before we begin work we will want to review the proposal in some detail with you and your staff to refine the scope of work to be more appropriate to the task. We will want to work throughout the project closely with you and your staff to ensure that the product meets your needs as nearly as possible.

I have also enclosed a proposal for a fiscal impact analysis of the General Plan and its alternatives. This analysis would assure that Lodi's tax base is in balance, considering land uses, cost of public services and tax revenues. Mr. McDonald feels strongly that this is an important analysis and that it eliminates the need to consider fiscal impacts of individual projects, provided that they are consistent with the (adopted) General Plan. However, since this is a service that was not included in our original proposal, I am offering it for your consideration separately.

Very truly yours,

NOLTE AND ASSOCIATES



William Ishmael
Associate

/mes (PR0025-K)

TRANSMITTAL LETTER

I.	BACKGROUND	I-1
II.	SCOPE OF SERVICES	II-1
III.	FEE SCHEDULE	III-1
IV.	PROJECT EXPERIENCE	V-1
	Nolte and Associates	v-3
	Angus McDonald & Associates	
V.	RESUMES	VI-1
	Nolte and Associates	
	- William Ishmael, Project Manager	
	- Wally Sandelin, Project Engineer	
	Angus McDonald & Associates	VI-2
	- Angus McDonald	
	- Scott Mende	
VI.	REFERENCES	VII-1
	Angus McDonald & Associates	

I. BACKGROUND

The City desires to establish development fees. Historically the city has been in good financial shape, but has recently adopted (or is in the final stages of adopting) a 5 year CIP which requires additional sources of revenue. Among the improvements in the CIP is the expansion of the City administrative offices from the now too-crowded City Hall. Also included are the major park facilities which are included in the Master Plan.

The City needs to get the development fees in place soon because of the growth/annexation situation. The City had a growth control measure passed in 1981 which requires any annexation to the City to be submitted to a vote. Very, very few annexations have been approved. There were eight on the ballot for last November. None passed. Nonetheless, the City's growth initiative has been ruled invalid by the courts and although the City has undertaken an appeal the initiative may be invalidated in a relatively short period of time. If that does happen, then the amount of growth and demand for new city services is expected to accelerate dramatically. New development fees need to be in place before this happens. This needs to be done in spite of the fact that the General Plan is in the process of being updated, and the update will affect the utility master plans.

Increasing the development fees may encounter some political problems. A recently added bedroom tax was opposed by much of the development community. Increasing the water rates for residential customers is not as much a concern as increasing rates for commercial/industrial customers. The three largest customers in the City are a tomato cannery, General Hills, and the school district. One of the reasons the cannery moved into the City was due to the low water rates. There has not been a water rate increase in 12 years. There is no capital buy-in fee.

A summary of the existing situation with each of the new facilities and with fees currently being charged follows below:

STORM DRAINAGE FEES

The City charges an acreage fee which pays for all major storm drainage facilities. The parks are used for storm water retention, but the fee does not pay for park improvements. These fees are increased on an annual basis. Although they have not been checked for about 6 years to see if the fee actually covers expenses, the City staff believes that these fees cover the costs.

SEWER FEES

The City has a new plant in the predesign phase which will cost about \$6M. Sewer connection fees and monthly service fees have been/will be increased by 20%. There **is** an automatic 15% annual increase. There is no oversizing acreage fee, but developers get credit for an oversize line.

The sewer master plan is in the process of being upgraded; however, the update *has* been put on hold until the General Plan **is** done.

WATER FEES

Water fees Make money for the City.. The City does not have connection fees; the City pays for new wells. Commercial and industrial uses are metered and industries have located in the City due to the low water rates. Residential rates are currently \$6.00 per month and will go to \$7.00 per month. The water marter plan is budgeted for this year.

TRAFFIC FEES

None.

II. SCOPE OF SERVICES

The adoption of the General Plan is expected to begin mid-1988. As part of that process, a permanent financing plan will be put into place. Our team will at that point work closely with Jones & Stokes to provide cost estimates for facilities needed to support the land uses in the General Plan alternatives and to develop a financing plan which enables the General Plan to be built and served. The following tasks outline the steps as we now see them in this process.

TASK 1: IDENTIFY AND PREPARE COST ESTIMATE FOR REQUIRED FACILITIES

For each of the land use alternatives developed by the General Plan, we will prepare cost estimates for the major services -- water, sewer, drainage, and transportation. We will work closely with Jones & Stokes in this process. We are assuming that three land use alternatives will be evaluated. In addition, we will include costs for park facilities, buildings, and other items identified in the Capital Improvements Program. Maintenance costs for each of the services will be estimated.

TASK 2: EVALUATE EXISTING FINANCIAL PLAN

The financing mechanisms currently in place will be evaluated with regards to the General Plan alternatives and the related infrastructure costs. The appropriateness of the existing financing mechanism with regards to the General Plan alternatives will be discussed with City staff and a supplement financing mechanism will be proposed.

TASK 3: PREPARE REVENUE FORECASTS

Growth rates and revenues expected from the existing financing mechanism and proposed General Plan alternatives will be estimated. Short falls and overages will be estimated based on estimated timing of buildout of the General Plan.

TASK 4: RECOMMEND A FINANCING PLAN

Angus McDonald & Associates will review the existing fee structure with the City Manager, the Public Works Director, and other City officials as appropriate to delineate the existing condition.

Workshop I: One of the key elements to a successful project in other jurisdictions has been the active participation of the development community throughout the process and not just at the public hearing stage. We are proposing some workshops to do just that -- involve the developers that are/have been/plan to be active in the City into the process. The purpose of this workshop, if held, would be to discuss the progress of the project to date, including the proposed financing schemes, to determine reactions from the developers.

TASK 5: DRAFT REPORT

A draft report *will be* prepared and circulated for review

Workshop II: After publication of the draft report, a final workshop will be held with developers to obtain comments prior to **the** public hearing.

TASK 6: ATTEND GENERAL PLAN HEARING ON PUBLIC FINANCE

TASK 7: PREPARE FINAL REPORT

III. FEE SCHEDULE

The exact costs for some of these work items cannot be estimated until the General Plan alternatives are available. For those items a range is given now. A final estimate can be given before work is begun.

Task No.	Task Title	Nolte	Angus McDonald
1	Cost Estimates for facilities (including maintenance)	\$15,000-23,000	500
2	Evaluate Existing Financial Plan	1,200	2,200
3	Prepare Revenue Forecasts	500	6,000
4	Recommend a Financing Plan	300	8,000
5	Draft Report	4,780	4,000
6	Public Hearing	750	2,500
7	Final Report	1,640	1,500
	SUBTOTAL	24,170-32,170	24,700
	Workshop I	300	380
	Workshop II	300	380
	TOTAL	\$24,770-32,770	25,460

IV. PROJECT EXPERIENCE

NOLTE AND ASSOCIATES

PROJECT: LAGUNA PUBLIC FACILITIES PLAN
CLIENT: Sacramento County
LOCATION: Sacramento, California

Nolte **was** responsible for the **preliminary** designs and cost estimates **for** the Laguna Public Facilities Plan for the County of Sacramento. Facilities planned and designed by Nolte included the water, wastewater and drainage systems for the **7 sq mi.** area. This study evaluated alternative means of providing service with a consideration of costs and institutional arrangements -- cost analysis included both capital and operating costs.

Surface water supply alternatives were evaluated in terms of the internal distribution system, transmission to the Laguna area and source and location of treated surface water. Pipe sizes were selected and aligned based on the projected development. A hydraulic model was used for evaluation of the pipe network. Water treatment was assumed to be provided **by** the City of Sacramento **at** the American River Water Treatment Plant, water treatment at the proposed county facility, the Freeport Treatment Plant, **was also** considered during **the** course of the study. Costs were estimated for the purchase of water treatment capacity, transmission of treated water to Laguna and the major distribution pipes serving the area.

PROJECT: ANTELOPE-NORTH HIGHLANDS PUBLIC FACILITIES PLAN
CLIENT: Sacramento County
LOCATION: Sacramento, California

The Antelope-North Highlands area is another of the areas Sacramento County is considering for urban expansion. Nolte and Associates was hired **to do** the planning, design and cost estimating of water, sewer, and drainage facilities **for the 2,200 acres.** The drainage plan included over 3 miles of channel improvements as well as bridge and culvert improvements. Nolte estimated the capital and operating **costs of** providing these services. Costs **displayed** included the fee structure expected under various configurations of providing service.

PROJECT: PUBLIC FACILITIES MASTER PLAN
CLIENT: City of Lincoln
LOCATION: Lincoln, California

Nolte and Associates was retained to develop a public facilities plan for the City of Lincoln. This project entailed the development of capital improvement needs, associated costs, and a financial plan. Nolte's responsibility included project management and determination of water and wastewater facilities needs. Costs for the recommended capital improvements were phased over a 16 year period based on projected residential and commercial/industrial growth patterns. Subconsultants were retained to mine the needs for traffic and other public facilities and to develop the financial plan.

PROJECT EXPERIENCE

Angus McDonald & Associates

The following paragraphs summarize Angus McDonald & Associates' experience in public facilities finance. One or more of the individuals who would be assigned to the City of Lodi participated in each of the projects that are listed.

Laguna Public Facilities Financing Plan

McDonald & Associates and Nolte and Associates prepared a capital improvements program and comprehensive financing plan for the 4,675 acre Laguna area in Southern Sacramento County. Laguna is in multiple ownerships and has been the subject of development applications prepared by major owners. The intent of the project was to initiate a procedure for financing public facilities that would be equitable to all concerned and consistent from development to development. The professional specialties on the team included civil and sanitary engineering, economics and public finance, school finance and municipal debt. The consulting team considered all reasonable financing techniques, both conventional and innovative. The adopted financing plan included a range of conventional funding sources plus a landowner-initiated Mello-Roos Community Facilities District. An on-going imbalance between costs and revenues is being corrected by special district reorganization. The financing plan is being used as a model for other undeveloped areas in the County.

After the concept of a Mello-Roos District had been accepted by the County and the landowners, McDonald & Associates was retained to prepare an implementation plan. An engineering team prepared detailed construction estimates for phased development of required facilities. These estimates were analyzed into year-by-year financing requirements. McDonald & Associates worked closely with the County's bond advisor in deciding size and timing of issues. A complete legal description for use in the election and in bond issuance was prepared. Among the issues which were resolved during negotiations with landowners and County staff were:

- o procedures to allow changes from the original planned use or density over the 20-year buildout period,
- o methods of deferring payments on land which was not scheduled for early development,
- o equitable ways to spread financing between the different available sources, and
- o methods and responsibilities for billing, auditing and repayment of landowner advances.

The implementation plan includes methods of administering the District. A detailed plan of administration was prepared.

Consultatant on Development Fees For Building Industry Association

The Central California Building Industry Association has retained McDonald & Associates to advise the Association on issues when jurisdictions in their area propose development fees. Issues on which McDonald & Associates has provided consulting assistance to date include:

- o Consideration of whether sufficient nexus exists between development and demand for the facility to justify a legally valid fee
- o Consideration of whether proposed development fees are being used to remedy city-wide deficiencies in facility standards
- o Consideration of whether a new facility represents an upgrade in service delivery standards beyond that being offered jurisdiction-wide
- o Consideration of whether the development fee is being used to finance ongoing costs of operations

Tax Rates For Galt Union High School Hello-Roos Election

McDonald & Associates is currently responsible for recommending a **set** of Mello-Roos tax rates that will be offered to the District's voters **as** part of a campaign to build a new gymnasium. These tax rates must balance the willingness of residents (and voters) to pay with the total financing requirement. A key issue will be the tax rate that would be applicable to commercial, industrial and agricultural properties. The technical analysis of alternate tax rates is accompanied by a carefully considered series of meetings, discussions and public hearings to assure public support for the tax rates that are ultimately submitted to the voters.

Roseville Public Facilities Financing Plan

The City of Roseville recognized that a capital improvements program and financing plan should be an **integral** part of its planning process. McDonald & Associates **was** retained to review and update the City's capital facilities financing plan. All required public improvements -- including those that are the responsibility of the school districts -- were considered. Areas where schools and different City departments would compete **for** development fees were identified. Market factors such as probable future **land** uses and rates of development were analyzed. The ability of landowners to pay the total of applicable **taxes** or **charges** under various growth scenarios **was** examined. All **facilities** requirements for the original planning options have been identified and priced, and a composite multi-year financing plan is currently being prepared. This plan will form the basis

for discussions between affected landowners and the City. After agreement is reached on land use policies, a final financing plan will be prepared which will include recommendations for implementation.

California Transportation Commission

When the California Transportation Commission was created, it was given the responsibility to produce a State Transportation Improvement Program (STIP) that reconciled the transportation improvement programs of California's regional transportation planning agencies and the program recommended by the California Department of Transportation. McDonald & Associates headed a team which advised the Commission when it adopted its first STIP. Consulting services included recommendations on project evaluation procedures, recommendations on policies and criteria to guide the evaluation and participation with Commission staff in the evaluation process and the presentation of recommendations to the Commission. The firm was retained again in the two succeeding years to provide comparable services. The project evaluation procedures that were originally developed have continued in use since that time.

In a related assignment, the consulting team advised the Commission on changes in California's highway fund allocation procedure. The Commission's enabling legislation gave it the authority to revise the manner in which the transportation funds are allocated to the geographic regions of the State. The consultants' recommendations, which were adopted by the Commission and incorporated into its first California Transportation Plan, were based on review of the literature, extensive evaluation of the effects of the recommendations in practice, and assessment of the relationship between the recommendations and the policy stance of the Commission. The consulting team also recommended a framework for a longer term approach to developing a revised transportation fund allocation formula for California.

Rancho Cucamonga Facilities Financing Plan

McDonald & Associates prepared a comprehensive financing plan for infrastructure in the City of Rancho Cucamonga, San Bernardino County. The project involved a Citywide review of land use alternatives and the consequent implications for facilities requirements. An array of municipal debt financing mechanisms was evaluated against the specific requirements of each project.

Santa Rosa City Hall Expansion

As part of an architectural team, McDonald & Associates prepared a space requirements analysis for the proposed expansion of the Santa Rosa City Hall. Baseline population, housing and employment data, and projected growth were supplied to each department. After a workshop, department heads used standardized

forms to estimate staffing Levels over the next twenty years. McDonald & Associates reviewed these figures in terms of anticipated changes in technology, experience in other California Cities, and personnel **costs**. The final detailed staffing report enabled the architects to design precise office **plans** for each municipal department.

Antelope/North Highlands Public Facilities Financing Plan

A capital improvements program for the Antelope/North Highlands **area** of Sacramento County had been prepared by Nolte & Associates as part of a previous project. McDonald & Associates prepared a public facilities financing plan for the Laguna area. During the course of the initial assignment, it became apparent that it might be **possible** to develop the overall capital facilities plan for Antelope in stages so that responsibility to pay for improvements would be tied more closely in time with opportunities to develop the land. Sacramento County authorized negotiations with affected landowners and their engineering representatives. A financing plan was ultimately recommended that not only depended on staged financing but was able to make use of development fees collected at the time of development approval rather than bonded debt that would encumber both land that was being prepared for developed and land that was not yet ready for development.

Incorporation Feasibility Study of West Sacramento

McDonald & Associates analyzed current levels of service delivery, current revenues, development potential and impact on Yolo County of a proposed new City of West Sacramento. A service and staffing plan analysis of five comparable cities was prepared, both as a guide in formulating an assumed public service plan for the new City and to provide a way of validating the consultant's conclusions against the real experience of other newly incorporated cities. An analysis was made of the current County facilities in the area and their suitability for continued use for city and joint city/county offices and other functions. The consultants report was the basis for the Local Agency Formation Commission staff report. Activists in the successful corporation collection campaign described the report as "authoritative" and that the issue of feasibility of this new city was not raised at any time in the campaign.

North Natomas Community Plan EIR

McDonald & Associates was part of the team that prepared a comprehensive evaluation of development potential for a 14,300 acre area east of the Sacramento Metropolitan Airport. The firm's involvement included definition of market potential, **fiscal** analysis, and a preparation of a public facilities financing plan. The interaction of the team produced alternative sketch **plans** that attempted to balance all realistic concerns. Since major sites in adjoining areas were also being studied for

development, market research to determine sources of investment and ability to capture market share from potential locations was an important part of the study. Critiques were solicited from City and County staff and other interested parties. A detailed analysis of refined formal EIR alternatives was prepared. The analysis concentrated on the implications of phased public improvement financing for each alternative. The EIR presented a mitigated financing plan that dealt directly with potential financial impacts associated with proposed development.

Description of the Angus McDonald & Associates Firm

Financing Public Facilities/Services

Assessment of requirements for public facilities and services and the assessment of techniques for financing infrastructure for development projects have increasingly become a necessity, both because of state and federal environmental assessment requirements and because of concerns about local fiscal impacts. McDonald & Associates has played a leading role in California in developing procedures for economic assessment and public facilities financing plans and in putting these procedures into practice. Experience in economic and fiscal impact assessment has included evaluation of general plans, specific plans, and major capital projects. Feasibility studies of **new** cities and impact studies of proposed annexations are a significant portion of the practice.

A cost/revenue evaluation can solve problems rather than merely create of report. The firm has emphasized the use of economic assessment as a positive contributor to project evaluation, selection, and modification rather than as an ancillary requirement unrelated to the needs of the proponent or the local agency.

h major point of a fiscal analysis is to detect instances where there will be variations -- whether favorable or unfavorable-- from the "average" conditions. McDonald & Associates will utilize the average cost or revenue approach only if it is clear that no significant incremental effects are likely. **The** analysis compares the costs and revenues by fund. Further, the analysis compares the net surplus (deficit) for each alternative. Thus, policy makers can use fiscal criteria in evaluating alternative development proposals.

As a general statement, local governmental revenues respond to external factors such as taxable value of property, location of retail sales, and the workings of statutory formulae such as those that control the allocation of the motor fuel **tax** or the cigarette tax. **Thus**, revenue forecasts can often be the subject of formal forecasting models that respond to these external factors. McDonald & Associates has developed **a** set of such models for the revenue sources typically available to local governments. **These** models are continually updated to reflect the

most recent changes in state and federal laws that affect the various revenue sources.

The results of interviews play a key role in the development of cost estimates in a public facilities financing plan. McDonald & Associates has concluded that historical cost studies or cost forecasting models should, in almost every instance, be supplemented by detailed discussions with the agency that will provide services. Public costs are not the result of unit costs or past trends. They reflect decisions about levels of staffing and service. Actual incremental costs, in any individual circumstance, are also highly sensitive to details such as remaining capacity or cumulative impacts of other proposed developments.

The firm is regularly involved in negotiations regarding development charges for both public and private sector clients. McDonald & Associates placed considerable emphasis on techniques and procedures to identify, at a significant and illustrative level of detail, those who will enjoy the benefits and those who will bear the burdens of a given project. In addition to evaluating net benefits and burdens, it is essential to identify the specific instances and the specific population subgroups on whom benefits and burdens will fall. Similarly, emphasis is placed on identifying all institutions (e.g. each city, county, school district, or special district) that might be affected by a particular project. This benefit and burden analysis is essential in establishing an equitable financing plan.

Regional Economic Analysis

McDonald & Associates has prepared economic base studies and mid-range and long-range economic forecasts for substate regions, counties and cities as part of land use and general plan revision programs, or as an element of transportation, water quality, or other functional plans. Typical activities include:

- o Evaluation of economic trends and local competitive advantage.
- o Preparation of forecasts for key export base industries.
- o Evaluation of the relationship of agriculture to the economy, specifically the impact of urban land use pressure upon agriculture.
- o Assessment of sources of regional income and growth not related to new export base industries, such as increased retirement populations or other sources of transfer payments .
- o Estimation of total direct plus indirect economic activity.

- o Estimation of changes in employment opportunity and occupation or skill requirements.
- o Estimation of future demand for land and allocation of demand to the effectively available supply.
- o Estimation of population shifts and changes in demand for services.
- o Recommendations on economic development strategy.

The firm places considerable emphasis on selecting both a technique of analysis and a level of detail that is appropriate to the need of the project and its budget. Techniques have ranged from development of complex econometric models to application of simple trend line analysis. A technique that has proved to be economical and highly effective has been the use of substate or regional input/output models. Such output models are used to estimate direct plus multiplier effects of changes in a region's economy. Input/output models are highly suited to assessment of the impact of capital investments.

Finalcial Feasibility Analysis

The financial feasibility studies which McDonald & Associates prepare for development projects typically involve:

- o An analysis of population and demographic trends and underlying market support for alternative land uses.
- o An assessment of the strengths and weaknesses of existing and potential competitive projects and land uses.
- o An evaluation of a project's financial feasibility based on estimates of revenue and expense over time, combined with a discounted cash flow analysis or an analysis of return on investment.
- o A review of public agency concerns or regulatory issues that may be encountered.

Our principles govern the conduct of the firm's market and financial feasibility studies.

First, market research quite properly considers the development history and current building trends in an area. Nonetheless, trend analysis alone is an invitation to excessive supply, unless the underlying economic and demographic generators of demand are **also** considered. Changes in the employment base, changes in rates of household formation, and changes in public policy are all factors that must be considered.

Second, McDonald & Associates uses computerized cash flow models extensively but always within the perspective of the client's

needs. The firm's computer models are flexible enough to analyze the financial structure of highly complex projects in terms that are relevant to that project. Format and content are readily adapted to the requirements of the project rather than offering only a single format resulting from an inflexible computer model. The models have been used for complex analyses that consider long time periods and the effects of inflation.

Third, alternative organizational and financial arrangements are normally considered as part of the feasibility study. Examination of alternative forms of financial participation may bring to light opportunities for meeting simultaneously the objectives of different classes of investors. Similarly, attention is **given..** to the after-tax-consequences of development strategies as they affect various classes of investors.

Finally, McDonald & Associates considers a complete understanding of the economic and financial aspects of a development project to be essential but, by itself, insufficient. A realistic feasibility study must also be based on a thorough understanding of the specific business or businesses that will develop as part of the project. The firm regularly makes use of specialized consultants who review the feasibility study from the perspective of an experienced practitioner familiar with the day-to-day requirements of a particular business or land use being considered.

Transportation Finance **and** Management

The issues involved in financing major transportation facilities cover a quite broad range of subjects. A decision about a financing plan may depend on:

- o Establishment of policy guidelines about relationships between direct user fees, dedicated revenues, charges associated with development in a transportation corridor, and general fund revenues.
- o A realistic estimate of the revenues that will actually be available, given a set of policy guidelines.
- o A realistic evaluation of the availability of federal or state grant funds together with a current and detailed familiarity with agency policies that may affect the distribution of these funds.
- o An accurate assessment of any relationships between revenue policies and the responses of riders or other system users.
- o An ongoing assessment of relationships between revenue policies and operating costs -- particularly the costs that are dependent on labor/management agreements.

McDonald & Associates is experienced in each of the above areas. They have also advised general purpose governments in short-term and long-term financial issues, including issues relating transportation decisions to land use impacts that may result from one or another transportation solution. The firm has recommended both conventional and novel revenue sources and other appropriate responses to transportation system finance following the passage of Proposition 13 and the general constant dollar decline in funds traditionally dedicated to transportation system finance including highway users taxes and federal grants.

V. RESUMES

NOLTE AND ASSOCIATES

WILLIAM ISHMAEL - PROJECT MANAGER

WALLY SANDELIN - PROJECT ENGINEER

NOLTE QUALIFICATIONS RESUME

WILLIAM ISHMAEL
Associate

EDUCATION:

BSCE. - Duke University, Durham, North Carolina
M.S. (Urban Planning) - University of Michigan

PROFESSIONAL QUALIFICATIONS:

Registered Civil Engineer - California 31056 Kentucky 8583
Certified Planner - A.I.C.P. Member

EXPERIENCE:

Mr. Ishmael has had professional experience in both the planning and engineering of major investments. As deputy director of the Richmond (Virginia) Regional Planning Commission, he was responsible for the performance of land use and facilities planning projects for local governments. These projects included comprehensive planning on a county-wide and area basis, as well as sewage collection and treatment plant design.

As a commissioned officer in the United States Navy, Mr. Ishmael managed construction projects up to five million dollars as the assistant resident officer in charge of construction in Pearl Harbor, Hawaii. He also served as public works officer for several of the Navy shore commands. In that capacity, he was responsible for capital programming, design and accomplishment of projects. Typical projects consisted of maintenance, repair, rehabilitation, or construction of Naval shore facilities.

With the Sacramento office of Nolte and Associates, Mr. Ishmael is responsible for the coordination of planning activities in addition to his involvement in civil engineering projects.

PARTIAL PROJECT ACCOMPLISHMENTS:

Land Use Planning - Public Clients

Planning for City-Owned Parcel, City of Lincoln
Public Facilities Plan, Antelope-North Highlands Area, County of Sacramento
Public Facilities Plan, Laguna Area, County of Sacramento
Density Study, City of Folsom
15 Corridor Study, County of Colusa
Feasibility Study for Purchase of Excess Caltrans Land, I-80, City of Sacramento
Area General Plan, Stonyford-Lodi Area, County of Colusa
Sphere of Influence Study, cities of Williams and Colusa

RSWE10M

Industrial Land Use Needs, Sacramento City Growth Policy Study (1982 Growth Policy)
Land Use Alternatives
"Planning for Development in South Placer County" (The Highway 65 Bypass Study), County
of Placer
Growth Management Alternatives Study, County of Alpine
Area General Plan, Benton, Hammil and Chalfant Valleys, County of Mono
Area General Plan, Hilton Creek - Long Valley, County of Mono
Draft Area General Plan, Eagle Lake, County of Lassen

Land Use Planning - Private Clients

Southport Industrial Park, Southpark Investors, City of West Sacramento (640 acre water
related industrial site on the deep water ship channel)
Country Creek Estates, Riverwest Development Company, County of Sacramento (1,000 acre
low density residential land)
Calvine Industrial Park, Cornish and Carey, County of Sacramento (500 acres of high tech
industrial land)
Delta Shores Village, Moss Land Co., City of Sacramento (700 acre development with
350 acres of high tech industrial land)
Riverpointe Business Park, Kaiser Development Company, County of Yolo (300 acre light
industry)
Cordova Business Center, Kaiser Development Company, Rancho Cordova (50 acre business
park)
Industrial Site Feasibility Study, Sacramento Area, Coldwell Banker
Industrial Site Feasibility Study, a liquid air products firm

Environmental Analysis

Technical Reports for the EA - Del Norte Prison, Department of Corrections
EIR - Lincoln Airpark, City of Lincoln (360 acre mixed use development)
EIR - Hilton Creek Area General Plan and Benton, Hammil, and Chalfant Valleys Area
General Plan, County of Mono
EIR - Sewage Treatment Plant Expansion, Lake of the Pines, County of Nevada
EIR - Wastewater Treatment and Disposal Project, North Fork, County of Madera
EIR - Wastewater Treatment and Disposal Project, Oakhurst, County of Madera
Water Quality Management Study, Fresno River, Oakhurst, County of Madera

NOLTE QUALIFICATIONS

RESUME

F. WALLY SANDELIN

Associate Engineer

EDUCATION

M.S.C.E./M.S. (Environmental) - University of California, Davis

PROFESSIONAL QUALIFICATIONS:

Registered Civil Engineer - California 39895

EXPERIENCE:

Mr. Sandelin is a project manager for Nolte. He joined Nolte after working 8 years as a manager in the small business sector. Mr. Sandelin brings to the Nolte firm a keen understanding of the fiscal and budgetary operations of local agencies and extensive experience at interacting with county and city governments. His analytic and management skills and public relations experience have been an asset to those projects where he has been assigned.

Mr. Sandelin has been in charge of numerous water and wastewater feasibility studies including those for the City of Sacramento Antelope-North Highlands area and the City of Folsom. Mr. Sandelin recently completed a water system feasibility study of a 1,100 acre residential development in Sacramento County.

Mr. Sandelin has been responsible for assessing the environmental impacts of numerous water projects. In this capacity he was involved with the design of water storage, distribution, treatment and pumping facilities. He also has completed cost estimates for capital improvements and operation and maintenance.

PARTIAL PROJECT ACCOMPLISHMENTS:

Chlorination Facility Design, University of California, Davis
Public Facilities Plan, Lincoln
Antelope-North Highlands Public Facility Study, Sacramento
Laguna Public Facilities and Financing Plan, Sacramento
Public Facilities Analysis, Folsom
Shaffer Pond Pump Station and Wet Well, Atwater
Feasibility Study of Land Treatment, Watsonville
Assessment Engineering, Stockton
Design of Onsite Treatment and Drainage Facilities, Stockton
Landfill Closure Plan, County of San Joaquin
Wastewater Feasibility Study, Watsonville

RSFWS13M

RESUMES

ANGUS McDONALD & ASSOCIATES

ANGUS McDONALD

SCOTT MENDE

ANGUS N. McDONALD

Principal
McDonald & Associates

FIELDS OF EXPERIENCE

Public Facilities Financing

Analysis of capital improvement and service requirements for cities, counties, school districts and other special districts. Preparation of facilities and services plans, with emphasis on public/private cooperation in financing. Examination of alternative financing plans and construction phasing. Recommendation of strategies for implementation of an adopted facilities financing plan.

Investment Economics

Market analysis and financial feasibility studies of commercial, recreation, and residential developments. Analysis of after-tax investment consequences for tax-motivated individuals. Development of computer models for investment analysis.

Economic base studies and forecasts of regional economic activity. Analysis of direct and induced economic impacts, using techniques of input/output analysis. Evaluation of demographic/economic relationships and trends in labor force participation and household formation.

Public Administration and Finance

Design and budgeting and financial management systems for state and local governments. Organization and management studies for cities, counties, and districts. Evaluations of the effectiveness and cost of alternative forms of government organization. Preparation of financing plans and grant applications. Principal in charge and direct participant in more than 100 fiscal impact evaluations of proposed development projects.

Transportation Systems

Participation in planning roadway improvements and developing alternative transportation strategies for rapidly expanding metropolitan areas. Analysis of public transit and paratransit operations. Evaluation of existing systems and recommendations for infrastructure and transportation requirements projected as much as 50 years into the future.

ANGUS N. McDONALD

Principal
McDonald & Associates

PROFESSIONAL HISTORY

Private consulting Practice

1964 - Present

McDonald & Associates and predecessor
firms: Associate, then Principal

Private Industry

1954

Systems Engineer, International
Business Machines, Inc.

1958 - 1963

Engineer, Shell Development Company

Research

1963

Research Assistant, Department of
Industrial Engineering and Operations
Research, University of California,
Berkeley

EDUCATION

Industrial Engineering (Operations Research), University
B.S., Engineering, U.C.L.A., 1958

PROFESSIONAL ASSOCIATIONS

American Institute of Certified Planners
American Society of Public Administration
Operations Research Society of America
The Institute of Professional Engineers
Registered Professional Engineer

SCOT H. MENDE

Vice President
McDonald & Associates

FIELDS OF EXPERIENCE

Fiscal Impact Analysis

Preparation of numerous public service plans and fiscal impact reports for cities, counties and special districts. Author of integrated computer fiscal impact models to estimate revenues generated by projects. Extensive experience with interview techniques designed to standardize agency staff inputs regarding public service cost requirements associated with projects.

Economic Analysis

Work on various components of General and Specific Plans. EIRs and independent studies, including ongoing route planning and operations consulting to a private transit group and vehicle selection for a University intra-campus shuttle. Projections of employment trends by industrial and occupational sectors and comparison with state and national trends. Sub-regional allocations of population and employment based on land use designations and capabilities. project economic impact analysis and market feasibility analysis.

Capital Improvement. Financing

Preparation of capital improvement financing plans for cities, counties, special districts, assessment districts, redevelopment areas, public and private ports, and the State Transportation Improvement Program. Development of integrated computer models to test the feasibility of alternative assessment spread formulae for project related infrastructure, and agency-wide improvements.

Computer Operations

Documentation and supervision of computer operations for a land use inventory system. Design and programming of comprehensive fiscal and financing modelling systems, accounting models, input/output models. Participation in an archaeological resource predictive model.

SCOT H. MENDE

Vice President
McDonald & Associates

PROFESSIONAL HISTORY

1983 - Present	Associate, McDonald & Associates
1982 - 1983	Analyst, McDonald & Associates
1981 - 1982	Research Assistant, McDonald & Associates
1979 - 1980	Archaeological Technician Basin Research Associates
1979	Transportation Consultant, University of California, Berkeley, Parking Div.
1978 - 1979	Economic Consultant, Committee for the Preservation of the Jitneys

EDUCATION

A.B., Economics, University of California, Berkeley, 1979.

VI. REFERENCES

ANGUS McDONALD & ASSOCIATES

REFERENCE LIST

REFERENCES

ANGUS McDONALD & ASSOCIATES

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City of Davis
(916) 756-3740

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Barry Steiner, Esq.
Supervising Deputy County Counsel
Sacramento County
(916) 440-5564

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Jon Hollan
Community Development Department
City of Union City
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(916) 445-1690